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SUBJECT: Vietnam Postpones Megaports MOU Signing over "Technical Concerns"

REF: HANOI-EAP/MLS 12/7/09, 12/4 O/I; CROUCH-KAMIAN 12/4 E-MAIL
KAMIAN-CROUCH 12/3 TELCON; ORONA-CROUCH 12/02/09 TELCON

1.(SBU) Summary: The GVN has postponed signing the Megaports MOU due to "technical concerns" over what it considers a lack of specificity in the MOU text regarding the name and location of the Vietnamese port. Despite repeated interventions with Customs, the Foreign Ministry and the Office of the Prime Minister - and new language from DOE that addresses the GVN's technical concerns - the GVN is holding firm and will not sign the MOU on December 10, as previously agreed. We can't rule out that non-technical, political factors - including a desire to sign the agreement in Washington during the Prime Minister's April visit - might be behind the GVN's change of heart. The decision to sign - and when - reportedly rests with the Prime Minister himself. Post and DOE will use DOE's meetings with Customs and Foreign Ministry officials on December 9-10 to try to flush out the current GVN position, reiterate our concerns, and encourage the GVN to sign the MOU. End summary.

12. (SBU) Vietnamese Department of Customs - DOE's main counterpart on the Megaports Initiative - informed Embassy officers on December 2 that the Government of Vietnam had decided against signing the MOU on December 10, as previously agreed. When pressed, the Customs officials claimed that the Ministry of Finance preferred to wait to sign the MOU during a high-level visit to Washington, possibly in conjunction with the Prime Minister's visit in April to attend the President's Nuclear Summit. Embassy officers pushed back that Washington and Hanoi had reached an agreement to sign the MOU in Hanoi on December 10, noting that DOE officials were en route to attend the ceremony and discuss next steps. Customs then changed course, saying that the Prime Minister's office had minor "technical concerns" regarding the MOU. According to these officials, the Prime Minister's office, in reviewing the MOU, expressed concerns that the text did not clearly spell out the name and location of the port due to receive the equipment under the Megaports Initiative (Note: Not including this level of detail in the text of the MOU is standard DOE practice, and was previously agreed upon by the GVN during the MOU negotiations. End note.) The PM's office sent the MOU back to Customs with instructions to have this information included.

13. (SBU) On December 3, A/DCM called on Custom's Deputy Director for International Cooperation Le Xuan Hue to reiterate our concerns and press for a December 10 signing. Hue reiterated that the PM's office had held up the MOU signing for technical reasons, assured A/DCM that Customs was committed to the Megaports Initiative, and expressed an interest in moving forward with the program after the MOU was signed. Political Counselor took advantage of a December 4 meeting with MFA/Americas Deputy Director Le Huy Hoang to reiterate our concerns about the delay and encourage the Foreign Ministry to intervene with Customs and the PM's office to adhere to the December 10 signing. Hoang agreed it was in both countries'

interest to sign the MOU soon, confirmed the decision rested with the PM's office, and encouraged Political Counselor to contact the PM's Office.

¶4. (SBU) Drawing upon guidance obtained from the traveling DOE delegation, Political Counselor telephoned Bui Huy Hung, International Relations Department Director of the Office of the Prime Minister, December 4 to express our concerns that further delays could jeopardize the program. Bui Huy Hung replied that the GVN welcomed the Megaports Initiative, and was committed to signing and implementing the MOU. However, it was important that the MOU be implemented "effectively," and to do so it must clearly spell out the port(s). Political Counselor asked if the two sides could sign the MOU on December 10 if the GVN's technical concerns were addressed. Bui Huy Hung replied that in his "personal opinion, we need to wait for more guidance from our leader (the Prime Minister)." Political Counselor then asked if the GVN was holding out until the PM's visit to Washington. Bui Huy Hung said he was not aware of such a plan. He acknowledged the risk in delaying the signing the MOU, but expressed his hope that "good political will" between the two countries would allow the U.S. and Vietnam to sign the MOU soon.

¶5. (SBU) On December 7, the Embassy provided Customs DOE-cleared language to address Vietnam's technical concerns. Post and DOE

will follow up during their meetings with Customs and MFA officials December 9-10.
Michalak